

Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01

CEA-01 COME-00 PC-01 /086 W
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R 071015Z MAY 75

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 5327

INFO AMCONSUL CASABLANCA

AMEMBASSY PARIS

C O N F I D E N T I A L RABAT 2188

E.O. 11652: GDS

TAGS: EGEN MO

SUBJ: ECONOMIC ASPECTS GISCARD D'ESTAING STATE VISIT TO MOROCCO

1. AS IMPLIED IN PRE-VISIT MEDIA REPORTS, GISCARD STATE VISIT CARRIED OUT AT MOST FORMAL LEVEL WITH, SO FAR AS WE CAN AT PRESENT DETERMINE, NO SIGNIFICANT ECONOMIC DISCUSSIONS HAVING TAKEN PLACE. FRENCH PRESIDENT REFERRED IN HIS SEVERAL PUBLIC ADDRESSES TO LEADING POSITION OF FRANCE IN MOROCCO'S FOREIGN TRADE, EMPHASIZING THAT FRANCE RUNNING WAY AHEAD OF COMPETITION (TRUE). DID NOT MENTION THAT DESPITE ABSOLUTE RISE IN MOROCCAN IMPORTS, FRENCH SHARE FELL FROM 34 PERCENT OF TOTAL IN 1973 TO 27 PERCENT IN 1974.

2. GISCARD ALSO ALLUDED TO SETTLEMENT OF FRENCH CLAIMS FOR COLON LANDS TAKEN UNDER LAND RECOVERY PROGRAM AS SYMBOL OF GOOD BILATERAL RELATIONS. IN THIS CONNECTION, EXPRESSED SADNESS AT LARGE NUMBER OF FRENCH CITIZENS WHO HAVE RETURNED TO FRANCE IN WAKE OF MOROCCANIZATION OF INDUSTRY AND LAND RECOVERY PROGRAMS. SAID THAT HE HAD BEEN ASSURED BY GOM THAT EVERY EFFORT WOULD BE MADE TO HELP RESOLVE INDIVIDUAL PROBLEMS SO THAT USEFUL FRENCH PRESENCE COULD BE CONTINUED.

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COMMENT: REAL PROBLEM IS THAT PAYMENTS FOR LAND AMOUNTED TO

FEW CENTS ON THE DOLLAR AND EVEN DISCOUNTING DEMORALIZATION AND PROBLEMS POSED BY TRYING TO INVEST IN NEW INCOME PRODUCING PROPERTIES IN FACE OF INDUSTRIAL MOROCCANIZATION, ONLY A RELATIVELY FEW FRENCH FAMILIES STILL POSSESS RESOURCES ADEQUATE TO MAKE A NEW START HERE. SINCE MOST HAVE ALREADY LEFT, THE ISSUE IS IN ANY EVENT LARGELY MOOT. END COMMENT.

3. CONTRARY TO EXPECTATIONS, NO MAJOR ANNOUNCEMENT OF PREVIOUSLY NEGOTIATED ECONOMIC ACCORD WAS MADE. IT HAD BEEN WIDELY THOUGHT THAT THE OCCASION WOULD BE USED TO ANNOUNCE NEXT YEAR'S AID AGREEMENT, THE SETTLEMENT OF OUTSTANDING GOVERNMENT TO GOVERNMENT CLAIMS OVER LANDS RECOVERED FROM FRENCH GOVERNMENT AGENCIES FORMERLY OPERATING HERE, OR POSSIBLY A SUBSTANTIAL AIRCRAFT ACQUISITIONS PROGRAM AS PER RECENT SPANISH OR GREEK SALES. PERHAPS IT WAS FELT THAT SUCH COMMERCIALISM WOULD ONLY DETRACT FROM THE OVERALL IMPACT OF THE VISIT, WHICH INDEED RECEIVED MAXIMUM FAVORABLE PUBLICITY AND HAD EXCELLENT CULTURAL IMPACT (SEE SEPTEL). POSSIBLY THERE WAS AFTER ALL NOTHING TO ANNOUNCE--BUT WE'RE STILL HOLDING OUR BREATH.

4. THE ONE NEGATIVE (AND PARADOXICAL) ASPECT OF VISIT WAS MEETING OF EC COMMISSION TO DISCUSS FRENCH-ITALIAN HOLD UP OF EC/MAGHREB ACCORD WHICH WAS TAKING PLACE AT SAME MOMENT AS FRENCH STATE VISIT HERE. IT WAS INTERESTING TO WATCH SEMI-OFFICIAL PRESS REPORTING ON ONE PAGE THAT THERE WERE "ABSOLUTELY NO BILATERAL PROBLEMS OF A SIGNIFICANT NATURE" AND ON ANOTHER REPORTING THE FRENCH EC ACTIONS WHICH CUT TO THE VERY HEART OF MOROCCO'S ECONOMIC VIABILITY. THE TEMPORIZING SOLUTION ADOPTED AT THE MAY 5 EC MEETING UNDER WHICH ITALY AGREED TO REOPEN DISCUSSION WITH THE MAGHREB GROUP, AT LEAST ALLOWED THE FRENCH PRESIDENT A LAST DAY OF UNAMBIGUOUS WELCOME DURING HIS RABAT VISIT.

5. JOINT COMMUNIQUE SPEAKS BLANDLY OF CONVERGENCE OF FRANCO-MOROCCAN VIEWS ON INTERNATIONAL ECONOMIC SITUATION, MEANS TO REMEDY WORLD ECONOMIC DISORDER, AND NEED TO AID LDC'S, BUT PROVIDES NO DETAILS REGARDING SPECIFICS OF FUTURE ACTIONS OR AREAS OF COOPERATION. ALLUDES TO IMPORTANT FRENCH ROLE IN COMMERCE, BUT SOFT-PEDALS PROBLEM OF BLOCKED FUNDS

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RESULTING FROM MOROCCANIZATION OF FRENCH (AND OTHER FOREIGN) BUSINESS. TEXT STATES THAT "BOTH PARTIES RECOGNIZE THE POSSIBILITY OF SOME INCREASE IN TRANSFERS WITHIN THE MEANS OF MOROCCAN EXCHANGE CONTROL CAPACITIES. MODALITIES WILL BE REEXAMINED IN THE NEAR FUTURE." ALSO ALLUDES TO MOROCCAN APPRECIATION FOR "TIRELESS FRENCH EFFORTS TO BRING ABOUT BY CONCERTED EFFORTS A NEW WORLD ECONOMIC ORDER TO AMELIORATE CLIMATE OF INTERNATIONAL RELATIONS." COMMUNIQUE NOTES DESIRE

OF BOTH NATIONS TO GIVE NEW IMPULSE TO THEIR COOPERATIVE
EFFORTS IN SUPPORT OF MOROCCAN ECONOMIC DEVELOPMENT PROGRAM.
FINAL POINT OF COMMUNIQUE ASSERTS FRENCH ASSURANCE THAT IT
WILL WORK WITH OTHER EC MEMBERS WITH VIEW TO SUCCESSFULLY
CONCLUDING CURRENT EC/MOROCCAN NEGOTIATIONS.

COMMENT: INCLUSION IN COMMUNIQUE OF EC ITEM OBVIOUSLY ONLY
MADE POSSIBLE BY COMMISSION DECISION MENTIONED PARA 4 SUPRA.
IN ACCOMPANYING PRESS CONFERENCE, FRENCH PRESIDENT ACKNOWLEDGED
TECHNICAL DIFFICULTIES IN WAY OF GIVING SUBSTANCE TO PRINCIPLE
ENUNCIATED IN COMMUNIQUE AND SAID MATTER WOULD BE REFERRED
TO RESPECTIVE FONMINS. END COMMENT.

6. AS OVERALL ASSESSMENT, VISIT CONSTITUTED MAJOR MORALE
BOOSTER FOR FRENCH COMMUNITY, BUT SERVED MORE AS
HOLDING OPERATION THAN AS MAJOR ADVANCE FOR FRENCH COMMERCIAL
INTERESTS SO FAR AS WE CAN JUDGE. INDEED, ON DAY OF GISCARD
DEPARTURE, PRESS CARRIED NOTICE OF US SALE OF \$50 MILLION
WORTH OF TRUCKS TO GOM--PERFECT TIMING TO LET IT BE KNOWN THE
US IS STILL IN COMPETITION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, ECONOMIC CONDITIONS, CLAIMS, CHIEF OF STATE VISITS, LAND NATIONALIZATION, FOREIGN TRADE, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975RABAT02188
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750160-0312
From: RABAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750573/aaaacotz.tel
Line Count: 135
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAY 2003 by CunninFX>; APPROVED <20 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC ASPECTS GISCARD D'ESTAING STATE VISIT TO MOROCCO
TAGS: EGEN, MO, FR, EEC, (GISCARD D'ESTAING, VALERY)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006